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## **Russian Federation**

## **Oilseeds and Products**

## **February Oilseed Harvest Update**

## **2000**

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### **Report Highlights:**

**Vegetable oil imports in November - December 1999 totaled 175,000 tons, the highest level in 4 years -- with total imports in MY 1999/00 set to exceed the last year's total of 810,000 tons. Post increases its 1999/2000 sunflowerseed production estimate to 4.15 million tons while total export estimate is cut to 400,000 tons. Most of this fall is attributed to the 10 percent export duty which significantly cut the profitability of sunflower trade.**

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Includes PSD changes: Yes

Includes Trade Matrix: No

Unscheduled Report

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## Executive Summary

Russian oilseed meal and cake imports in 1998/99 totaled almost 205,000 tons because of agricultural assistance shipments from the U.S. At the same time, vegetable oil imports in November - December 1999 totaled 175,000 tons, the highest level observed in 4 years -- with total imports in MY 1999/00 set to exceed last year's total of 810,000 tons. Post increases its 1999/2000 sunflowerseeds production estimate to 4.15 million tons in line with the latest Russian official data. The total export estimate is cut to 400,000 tons because sunflowerseed exports from October to November 1999 fell by more than 75 percent from 1998 levels to 117,000 tons. Most of this fall is attributed to the 10 percent export duty which significantly cut the profitability of sunflower trade.

## Oilseeds Trade Update

### Meal and cake

Russian oilseed meal and cake imports in 1998/99 totaled almost 205,000 tons as a result of agricultural assistance shipments from the U.S. These shipments continued into October-November, 1999, resulting in higher imports during the first two months of MY 1999/2000. Before the August crisis, Russia imported 140,000-180,000 tons annually of oilseed meals and cakes on commercial terms and through inter-governmental agreements with India. However, the 1998 ruble devaluation significantly decreased commercial imports, while domestic demand for protein feeds remained strong. Although there are signs of a recovery, trade sources estimate that Russia can only import between 80,000 and 120,000 tons of oilseed cakes and meals in 1999/2000 on commercial terms. Because of these factors (and the absence of a US program for soybean products), Post estimates the total soybean product imports at 325,000 tons in MY 1999/00 -- with total domestic oilseeds meal and cake consumption coming to 1.5 million tons. Post expects this consumption level will be inadequate to support current levels of livestock production which has difficulty generating effective demand for feed. This happens because trade is limited by persistent weaknesses in the financial sector and a liquidity crunch -- created by the long time-lag between when oilseeds are purchased, feed is made, livestock is grown and sold for meat. These problems can prevent even efficient firms from generating effective demand. In addition, although sunflower meal is plentiful, the poultry sector is still short of soybean meal which provides the necessary protein for chickens.

## **Vegetable oil**

Vegetable oil imports in November - December 1999 totaled 175,000 tons, the highest level in 4 years -- with total imports in MY 1999/00 set to exceed last year's total of 810,000 tons. Despite the high production of sunflowerseed oil (the favorite of Russian consumers), many Russian firms still import oil for refining and bottling because of attractive prices, reliable supplies and the ease of doing business with foreign suppliers. At the same time, some major Russian food companies are planning to increase exports of processed vegetable oil to world markets. Exports of vegetable oils, mostly sunflowerseed oil in October-November, 1999 came to 13,000 tons, and are expected to total 50,000 tons in MY 1999/00.

## **Production**

### **Sunflowerseed Production.**

Post increases its 1999/2000 sunflowerseed production estimate to 4.15 million tons in line with the latest Russian official data. The total export estimate is cut to 400,000 tons because sunflowerseed exports in October to November fell by more than 75 percent from 1998 levels to 117,000 tons -- the lowest export level since 1995 for the same time period. Most of this decline is attributed to the 10 percent export duty which significantly cut the profitability of sunflower trade.

Post increases its consumption estimate by almost 450,000 tons to 3.7 million tons based on the large crop and the effects of the export limitations. However, because oilseed availability is pushing the limits of available crushing capacity, Post increases its domestic crush estimate only by 300,000 tons while food use and feed waste consumption are raised to 270,000 and 315,000 tons respectively. Although these consumption figures are significantly higher than in previous years, they reflect a diversion of sunflowerseed away from exports toward a domestic oilseeds industry suffering capital shortages and geographic dislocation caused by the soviet placement of major oil-extraction plants far from producing regions. Because of these factors and the high utilization of crush capacity, Post expects low productivity. Formerly, oilseeds were exported through the Black Sea mostly to Turkey and EU countries -- and were just as often reimported as vegetable oil.

The carry-over stock estimate is 100,000 tons. This is unlikely to increase further because of limited storage capacity and seed perishability. Large domestic supplies are expected to keep sunflower imports at a very low 5,000 tons.

### **Early production prospects for 2000**

Post expects 2000 planting will shift away from sunflowerseed in favor of other crops, especially corn and grasses. Although the magnitude of the change is unclear, post expects it to be significant -- on the order of 500,000 or more hectares. This shift is likely to occur because the feed grain shortage has pushed up prices, making grain a more attractive crop. At the same time sunflowerseed has become less attractive because of falling prices caused by large supplies and the export tax. The move away from sunflowerseed also reflects concern about its deleterious effect on soil fertility, especially if planted several years in a row. Much sunflowerseed acreage is easily shifted to corn because

both crops tend to be grown in the Black Earth, Volga and North Caucasus regions.

**PSD, Sunflowerseeds, Thousands of Metric Tons**

PSD Table						
Country:	Russian Federation					
Commodity:	Sunflowerseed					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Area Planted	3588	3588	4100	4100	5200	5300
Area Harvested	3583	3583	4090	4090	5000	5100
Beginning Stocks	14	14	15	15	30	30
Production	2831	2831	3000	3000	3900	4150
MY Imports	10	10	35	35	10	5
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	2855	2855	3050	3050	3940	4185
MY Exports	950	950	860	860	600	400
MY Exp. to the EC	600	600	600	600	500	300
Crush Dom. Consumption	1610	1610	1860	1860	2800	3100
Food Use Dom. Consump.	180	180	200	200	250	270
Feed Waste Dom.Consum.	100	100	100	100	200	315
Total Dom. Consumption	1890	1890	2160	2160	3250	3685
Ending Stocks	15	15	30	30	90	100
TOTAL DISTRIBUTION	2855	2855	3050	3050	3940	4185
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

**Sunflowerseeds Meal**

Post increases its estimate crush to 3.1 million tons. Low productivity will keep the extraction rate low, resulting in a meal production estimate of approximately 1.05 million tons. Strong Russian demand for protein will keep exports of meal low at 5,000 tons, with almost all meal produced consumed domestically.

**PSD, Sunflowerseed Meal, Thousands of Metric Tons.**

PSD Table						
Country:						
Commodity:	Sunflower Seed Meal					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Crush	1610	1610	1860	1860	2800	3100
Extr. Rate	0.3851	0.3851	0.3925	0.3925	0.3571	0.3387
Beginning Stocks	0	0	0	0	0	0
Production	620	620	730	730	1000	1050
MY Imports	3	3	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	623	623	730	730	1000	1050
MY Exports	10	10	10	10	10	5
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	0	0	0	0	0	0
Food Use Dom. Consump.	0	0	0	0	0	0
Feed Waste Dom. Consum.	613	613	720	720	990	1045
Total Dom. Consumption	613	613	720	720	990	1045
Ending Stocks	0	0	0	0	0	0
TOTAL DISTRIBUTION	623	623	730	730	1000	1050
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

## Sunflowerseed Oil

Post increases its sunflowerseed oil production estimate to 1.18 million tons. In spite of increased supplies of domestic vegetable oils, sunflowerseeds oil imports during the two months of October-November 1999 remained around 22,000 tons monthly. As a result, Post estimates total sunflowerseed imports in 1999/00 at 200,000 tons. Spurred by increasing supplies, exports of sunflowerseed oil are estimated to increase to 50,000 tons, of which 13,000 tons were already exported in October-November, 1999. Post increases its estimate of domestic consumption of sunflowerseed oil to 1.29 million tons, a 20 percent increase over the last year's level. Because low prices are likely to make producers want to hold oil longer, post raises its ending stocks estimate to 100,000 tons.

### PSD, Sunflowerseed Oil, Thousands of Metric Tons

PSD Table						
Country:	Russian Federation					
Commodity:	Sunflower Oil					
		1997		1998		1999
	Old	New	Old	New	Old	New
Market Year Begin		10/1997		10/1998		10/1999
Crush	1610	1610	1860	1860	2800	3100
Extr. Rate	0.40186	0.40186	0.4032	0.4032	0.4	0.38065
Beginning Stocks	136	136	85	85	60	60
Production	647	647	750	750	1120	1180
MY Imports	307	307	280	280	170	200
MY Imp. from U.S.	0	0	0	0	0	0
MY Imp. from the EC	0	0	0	0	0	0
TOTAL SUPPLY	1090	1090	1115	1115	1350	1440
MY Exports	25	25	25	25	25	50
MY Exp. to the EC	0	0	0	0	0	0
Industrial Dom. Consum	60	60	100	100	150	200
Food Use Dom. Consump.	910	910	920	920	1050	1060
Feed Waste Dom. Consum.	10	10	10	10	30	30
Total Dom. Consumption	980	980	1030	1030	1230	1290
Ending Stocks	85	85	60	60	95	100
TOTAL DISTRIBUTION	1090	1090	1115	1115	1350	1440
Calendar Year Imports	0	0	0	0	0	0
Calendar Yr Imp. U.S.	0	0	0	0	0	0
Calendar Year Exports	0	0	0	0	0	0
Calndr Yr Exp. to U.S.	0	0	0	0	0	0

